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ON PAGE 5

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House GOP Leaders to Propose Budget Authorizing \$293 Billion for Pentagon

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WASHINGTON—The House GOP leadership will propose a fiscal 1987 budget providing \$293 billion in new defense budget authority—a level midway between the Senate-passed resolution and a Democratic House plan.

The compromise has the support of Minority Leader Robert Michel (R., Ill.). But it faces continued divisions among Republicans in a fight in which all sides—including the Reagan administration—have underestimated the effect that their proposed military figures would have on the deficit.

The Democratic plan, reported from the House Budget Committee last week, calls for \$285 billion in new defense budget authority for the fiscal year that starts Oct. 1, and assumes direct spending next year will be \$276.2 billion.

However, Appropriations Committee and Armed Services Committee analysts estimate the outlays would be closer to \$282 billion, and the issue provoked heated exchanges between senior budget and defense-panel Democrats at a meeting with Speaker Thomas O'Neill (D., Mass.).

In both parties, the tensions over defense spending are linked with the politics

peculiar to the new Gramm-Rudman budget process and the unresolved question of new taxes. To meet next year's deficit target of \$144 billion, the White House underestimated its defense costs by an estimated \$14.5 billion, according to the Congressional Budget Office. To a lesser degree, Republicans and Democrats in Congress appear to be following suit.

Budget authority defines the level of appropriations approved by Congress for each fiscal year, while outlays are an estimate of the rate of direct spending that results. For long-term contracts, the spending rate is much slower than for such areas as pay and operations accounts, and the outlay totals assumed at this time can substantially affect the distribution of funds among defense accounts.

Sen. Ted Stevens (R., Alaska), chairman of the Appropriations subcommittee for defense, questioned whether the outlay totals in the Senate resolution were too low. And the issue has grown in impor-

tance as the House Budget Committee would cut much deeper from defense to avoid the need for new taxes.

The Democratic plan's \$285 billion in new budget authority represents a \$35.2 billion cut from the president's request and is nearly \$16 billion less than the Senate resolution. When compared with current discretionary appropriations, the plan would require a \$3.7 billion reduction from this year. For this reason, there is immense pressure from the defense panels for some adjustments.

The House defense figures, accompanied by cuts in foreign aid, are part of a strategy by some Democrats to pressure the administration to consider new taxes. But the tight budget also poses problems on domestic accounts.

Total discretionary appropriations would be \$460.3 billion, compared with \$451 billion in fiscal 1986 after the Gramm-Rudman cuts of March. In fact, there is almost no allowance for growth because the \$451 billion understates the current level of programs by about \$6.9 billion, reflecting the savings from the termination of the U.S. Synthetic Fuels Corp.

House Republicans, in their own budget plan, hope to benefit from unhappiness over the defense issue, but the GOP is restricted by its refusal to consider new revenues such as those included in the Senate plan. As a result, any increase for defense or foreign aid must be offset by savings in domestic spending. In some drafts, the GOP plan calls for significantly less spending on politically sensitive areas such as education, health and Medicare.

Meanwhile, on the fiscal 1987 intelligence-authorization bill, the administration is facing new budget restrictions and policy disputes with the House.

In secret sessions last week, the House Intelligence Committee voted to significantly reduce contingency funding available to the Central Intelligence Agency for covert operations. The Democratic-controlled panel also voted to forbid continued paramilitary support for Angolan insurgents that was started this year from the same reserve fund.